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## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**LUIS P. SALAVERIA**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON FINANCE**

Friday, February 27, 2015  
11:00 a.m.  
State Capitol, Conference Room 308

in consideration of  
**HB 1286, HD1**  
**RELATING TO ENERGY.**

Chair Luke, Vice Chair Nishimoto, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) respectfully offers comments on HB 1286, HD1, which provides for changes in the planning objectives for the State's facility systems with regard to energy.

DBEDT supports the intent of the legislation as well as the State's existing overall planning goals, and the objectives and policies for energy facility systems as set out in Chapter 226-18, Hawaii Revised Statutes. DBEDT reiterates the Administration's intent to achieve total energy independence for Hawaii and achieve a 100% renewable energy portfolio in the electricity sector and cost-effective conservation of energy as key components of the Hawaii Clean Energy Initiative framework.

DBEDT believes, however, that the existing energy planning objectives under the Hawaii Clean Energy Initiative provide sufficient direction to perform our role in planning and analysis, as well as, allowing for an optimal roadmap for the State's longer-term policy to be developed.

Thank you for the opportunity to offer these comments regarding HB 1286, HD1.



**Directors**

Jody Allione  
Project Development  
Consultant

Joe Boivin  
Hawaii Gas

Kelly King  
Pacific Biodiesel

Warren S. Bollmeier II  
WSB-Hawaii

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE  
HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE  
HOUSE COMMITTEE ON FINANCE

HB 1286 HD1, RELATING TO ENERGY

February 27, 2015

Chair Luke, Vice-Chair Nishimoto and members of the Committee I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance ("HREA"). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of our goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of HB 1286 HD1 is to amend the State's objectives and policies relating to energy facility systems, including a policy of ensuring that fossil fuels such as liquefied natural gas be used only as a transitional, limited-term replacement of petroleum for electricity generation and not impede the development and use of renewable energy sources.

HREA **supports** this measure, and recommends that the committee pass it out "as is."

Mahalo for this opportunity to testify.



**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

Before House Committee on Finance  
Friday, February 27, 2015, 11a.m., room 308  
HB 1286 HD 1: Relating to Energy

Aloha Chair Luke, Vice Chair Nishimoto, and members of the Committee,

On behalf of the Hawaii Solar Energy Association (HSEA), I would like to testify in support for HB 1286 HD 1 which amends the State's energy objectives and policies to include: 1) a utility model which puts the social and financial interests of Hawaii's ratepayers first; 2) increased energy efficiency and decreased energy use in public infrastructure; and 3) specific guidelines which ensure that fossil fuels such as liquefied natural gas be used only as a transitional, limited-term replacement for electricity generation and does not impede the development and use of renewable energy resources.

HSEA is a non-profit trade organization that has been advocating for solar energy since 1977, with an emphasis on both solar hot water (SHW) and residential and small commercial distributed generation (PV). We currently represent 90 member companies, which employ thousands of local employees working in the solar industry. With 37 years of advocacy behind us, HSEA's goal is to work for a sustainable energy future for all of Hawaii.

HSEA understands that the issue pertaining to energy generation will be a regulatory question before the PUC. As such, HSEA believes that the legislature can help guide the PUC's decisions by updating our energy objectives and policies to make clear that our goal is to achieve increased energy independence and reduce our dependence upon fossil fuels. We have heard much about the transition to LNG with many assurances that LNG will only serve as a "bridge fuel." However, considerable funds would be needed to update our infrastructure to use LNG, and planning documents currently before the PUC do not show any end to the "bridge" of LNG. The use of LNG, if at all, may serve as a bridge fuel, but it should not be allowed to simply replace the current fossil fuel dependence. We therefore respectfully ask that the legislature make clear our continued commitment to reduce our dependence upon fossil fuels no matter what the source.

Thank you for the opportunity to testify

Leslie Cole-Brooks  
Executive Director  
Hawaii Solar Energy Association

# **Testimony before the House Committee On Finance**

**By Todd Kanja  
Manager, LNG Enterprise Solutions  
Hawaiian Electric Company, Inc.**

**Friday, February 27, 2015  
11:00 am, Conference Room 308**

## **House Bill 1286, HD 1 - Relating to Energy**

Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

My name is Todd Kanja and I am testifying on behalf of Hawaiian Electric Company, Inc. and its subsidiaries, Hawai'i Electric Light Company, Inc. and Maui Electric Company, Ltd.

HB 1286, HD 1 proposes to amend Hawai'i Revised Statutes ("HRS") §226-18 to add or revise various State objectives and policies relating to energy facility systems. While we appreciate and support the intent of this bill, we have some concerns with the bill as it is currently written, and therefore request that the following changes be made. With these revisions, we would be able to support the bill.

First, the bill seeks to amend the objective set forth in HRS §226-18(a)(2) to add the following clause: "elimination of Hawaii's dependence on imported fuels for electrical generation and ground transportation." While we support the reduction of Hawaii's dependence on imported fuels for electrical generation, as written, this amendment does not give the State's planners the ability to take into account the financial and economic impact that a complete "elimination" would have on our customers and community. We therefore propose to revise the language of the bill beginning on page 1, line 11, to read: "through the reduction of Hawaii's dependence on imported fuels for electrical generation and ground transportation." This revision would also make the language consistent with other sections of HRS §226-18(a).

Second, the bill seeks to add a new subsection, HRS §226-18(a)(5), to state "Utility models that place the social and financial interests of Hawaii's ratepayers first." While we support the intent of this addition, the terms "social and financial interests" are not defined, thereby making it difficult to interpret this ultimate priority. We propose to revise this subsection, beginning on page 2, line 3, to

read as follows: “Utility models that **make** the social and financial interests of Hawaii’s **utility customers a priority.**”

Finally, the bill seeks to add a new subsection, HRS §226-18(c)(11), that would make it the policy of the State to “Ensure that fossil fuels such as liquefied natural gas be used only as a transitional, limited-term replacement of petroleum for electricity generation and do not impede the development and use of renewable energy sources”. This new subsection, however, does not make cost a clear priority when seeking “renewable energy sources”. In addition, the terms “fossil fuels” and “petroleum” are not defined in this Chapter as they are in other sections of the HRS. Accordingly, without a definition, the terms are often used synonymously with one another, making this statement unclear. We suggest revising the language of the bill beginning on page 4, line 11 to read: “Ensure that natural gas be used as a **cost-effective** transitional **fuel** for electricity generation **until other cost-effective** renewable energy sources **can be developed for the benefit of all customers.**”

Thank you for the opportunity to testify on this matter.

COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair

HEARING DATE: Friday, February 27, 2015  
TIME: 11:00 A.M.

**House Bill No. 1286 HD1 Relating to Energy**

Testimony of Jeff Walsh  
President and General Manager of AES Hawaii, Inc.  
**Testimony and Comments Regarding House Bill No. 1286 HD1**

Chair Luke, and members of the Committee on Finance, I am Jeff Walsh, President of AES Hawaii, Inc. ("AES Hawaii"), an independent power producer on Oahu producing electricity for Hawaiian Electric Company, Inc. ("HECO") using coal, among other recycled fuels such as tire-derived fuel, spent oil, and spent activated carbon to generate about 20% of island load at any time. In addition, AES Hawaii is currently permitted and capable of using up to 20% of renewable biomass to generate electricity, and is currently investigating the use of other recycled and renewable fuel to generate electricity.

AES Hawaii has provided safe, reliable and affordable power for the past 21 plus years. AES Hawaii has a Power Purchase Agreement to provide power to HECO, and is the lowest cost provider of energy to HECO on Oahu and in the State of Hawaii.

The AES Hawaii plant utilizes state of the art clean coal technology to effectively comply with all current federal and state environmental standards. Current emissions controls devices are as follows:

- Particulate removed by a fabric filter bag-houses which is the Best Available Control Technology or BACT.
- NOX control using "in-combustion" Selective Non Catalytic Reduction by injection of anhydrous ammonia
- SOX control using in bed injection of locally mined limestone.

The AES Hawaii facility serves a critical service now and shall continue in the future to serve the citizens of Oahu. The plant provides by far the lowest cost energy on the island of Oahu under a long term contract with HECO. The energy pricing from this plant has provided stable and predictable energy pricing as compared to the highly variable costs of generating electricity with fuel oil.

AES Hawaii is Oahu's most reliable power plant from plant inception in 1992 to present with an availability factor of approximately 97%. With wind typically operating at 40-60% capacity factors and solar at 16-20% capacity factors, the stability of AES Hawaii complements and facilitates Hawaii's goal of increasing renewable energy.



AES Hawaii, the single largest generator connected to the HECO system, also provides firm capacity to the electric grid and provides dispatchable power which is used to control frequency and voltage on the island grid. This plays a critical role in maintaining grid stability.

AES Hawaii shares in the State's goals and objectives to achieve energy security, self-sufficiency, and sustainability by continuing to increase its own use of renewable and recycled materials as fuels to generate electricity. However, this bill's drastic and absolute policy statements for planning purposes to completely and absolutely eliminate all imported fuels may be unreasonable and unrealistic, and could be very uneconomical as it could detrimentally increase costs of electricity generation at least with respect to AES Hawaii's operations.

Accordingly, AES Hawaii requests that Section 1 of this bill be amended slightly to reflect a more realistic and reasonable approach by revising the proposed amendment to HRS § 226-18(a)(2) (revised text in **bold**):

(2) Increased energy security and self-sufficiency where the ratio of indigenous to imported energy use is increased[;] through the **material reduction** of Hawaii's dependence on imported fuels for electrical generation and ground transportation;

We believe that this would be a more reasonable, practical and achievable approach.

Thank you for the opportunity to present this testimony.

**finance1-Kim**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 24, 2015 8:09 PM  
**To:** FINTestimony  
**Cc:** ndavlantes@aol.com  
**Subject:** \*Submitted testimony for HB1286 on Feb 27, 2015 11:00AM\*

**HB1286**

Submitted on: 2/24/2015

Testimony for FIN on Feb 27, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Nancy Davlantes	Individual	Support	No

**Comments:**

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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To: FINTestimony  
Cc: carl.campagna@kamakagreen.com  
Subject: Submitted testimony for HB1286 on Feb 27, 2015 11:00AM

**LATE**

**HB1286**

Submitted on: 2/27/2015

Testimony for FIN on Feb 27, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Carl Campagna	Environmental Caucus	Support	No

Comments: Aloha, we are in full support of this measure. what is more, we do not feel that LNG is needed at all and that the resources being directed to LNG for a short term usage could instead be directed towards the grid upgrade infrastructure, including storage and smart grid technology. LNG is a fossil fuel and therefore is not renewable. also the claim that it is cleaner is only in reference to how it burns. the fracking process used to obtain the LNG is dirty, dangerous and poisoning some ground water across the continental US. That should be considered as part of how "clean" it is. There should be a clearly defined timeline with and end date for the "bridge" use of LNG with daily penalties for going beyond that date.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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